

# **Department of the Navy**

## **Guiding Principles for a Military Compensation Strategy**

### **Preamble:**

People are the key to the Naval Services successfully meeting the objectives of the National Security Strategy. Fully realizing the individual and corporate strengths of our personnel is the central focus of our human capital strategy, aided by our best technologies, business practices, policies, service culture/warrior ethos, and leadership principles.

The Department of the Navy's human capital strategy promotes sound decisions that enable successful, cost-effective military recruiting, accessions, training, education, and force-shaping for today's All-Volunteer Total Force. The compensation policies that support this strategy must be rational and holistic, encompassing both tangible and intangible forms of compensation. They should support a compensation system that is competitive, equitable, flexible, and sufficiently responsive to be effective in an ever changing operational and market environment. Sound implementation of the strategy ensures cost-efficient stewardship of the commitments made by our personnel and the American taxpayers.

This document sets forth the goals and guiding principles for the Department's compensation strategy for today and the future.

### **Guiding Principles:**

To support the Department's compensation strategy, the following set of principles serve to guide policy decisions and implementation at every level.

All-Volunteer – Our compensation policies support an all-volunteer workforce; members perceive their compensation to be “fair and equitable.”

Flexible, Responsive – We must be able to quickly and effectively change compensation policies to respond to changing market conditions and service requirements, in accordance with the human capital strategy. Acknowledging the need for coherent and consistent policies within the Department of Defense, each of the Services must have the discretionary authority to carry out its strategies and quickly address emerging problems and issues.

Strategic Best Value – The Department's compensation policies must be aligned with other elements of our larger human capital strategy to produce the highest value, maximizing mission contribution and minimizing cost. Targeted compensation can provide cost-effective solutions to address Service-specific needs.

Support Achievement of Strategic Objectives and Outcomes – Rational compensation policies support a hierarchy of strategic objectives and outcomes for successfully competing for talent, encouraging and rewarding performance, and recognizing contribution to mission.

## Goals:

Our goal is to ensure that the Department can maintain and sustain the workforce it needs to be successful in accomplishing its naval mission. We recognize that every individual is unique and that military service is a profession steeped in its own ethos, traditions, expertise, and expectations. Using a combination of tangible and intangible benefits, the Department's policies will effectively and cost-efficiently:

- Recruit the proper number of high quality individuals with the skills required for the terms of service needed.
- Retain the proper number of high-performing personnel with the right skills and experience for the terms of service needed.
- Inspire Attainment of the Highest Standard of Performance, including motivating high levels of individual and collective performance, productivity, and contributions needed for the naval services to successfully accomplish their mission.
- Reward Exceptional Performance through appropriate means, both monetary and non-monetary.
- Assign the best people, with the required skills and experience, to perform needed work, where and when needed.
- Motivate Professional Development that fosters a culture of professional interest and growth, so that people willingly acquire and utilize skills, knowledge, and abilities required for specific jobs.
- Facilitate Career Transitions at appropriate times between active, reserve, civilian, retired, and volunteer status in response to workforce requirements. The compensation system should allow and encourage individuals to pursue rewarding work/life opportunities throughout their careers.

## Summary:

The goals and guiding principles discussed above support effective and efficient use of compensation in support of the Department of the Navy's human capital strategy in the 21<sup>st</sup> century. Accordingly, the Department of the Navy will develop objectives and strategic action plans to accomplish our goals for a sound military compensation system to sustain a high-performing Total Force.